

NORTH OGDEN CITY
Financial Statements - June 30, 2006
(With Auditors' Report Thereon)

NORTH OGDEN CITY

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Steven F. Crane, CPA
Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

Independent Auditors' Report

Honorable Mayor and City Council
North Ogden City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of North Ogden City, as of and for the year ended June 30, 2006 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2006 on our consideration of North Ogden City's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The impact fee analysis on Pages 47 and 48 is presented for purposes of additional analysis and is not a required part of the City's basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Crane, Christensen & Ambrose P.C.

December 20, 2006

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North Ogden City, Utah

Management's Discussion and Analysis

for fiscal year ending June 30, 2006

INTRODUCTION

This section of North Ogden City's annual financial report presents our discussion and analysis of the City's financial performance and activities for the fiscal year ending June 30, 2006. Beginning in fiscal year 2004, the City implemented new financial reporting standards established by GASB (Governmental Accounting Standards Board). These new standards significantly changed the content and structure of the financial statements.

FINANCIAL HIGHLIGHTS

In November 2004, the City issued bonds in the amount of \$4,040,000 for the construction of a new Aquatic Center featuring the MYRTHA Pool System. Final construction of the City's Aquatic Center was completed during the year. Although the City pledged sales tax revenue, the debt will be paid with RDA tax increment monies. Revenues exceeded operational costs by \$29,379. The City reduced this debt by \$160,000 during the fiscal year. No additional debt was issued.

Net assets increased by \$2,991,207 in fiscal year 2006. This is 115% over the \$1,386,665 increase of last year. Of that, \$1,517,303 was the result of governmental activities while \$1,473,904 came from business type activities. The overall assets of the City increased while the liabilities decreased from the prior year. Most of the increase came in capital assets of \$3,251,755.

The combined cash in the Enterprise Fund decreased by \$418,211, due mainly to the fact that the City pays for capital equipment and projects with cash, not debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

The section introduces the City's Basic Financial Statements and includes three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains other supplementary information.

The government-wide financial statements are comprised of: 1) the Statement of Net Assets, and 2) the Statement of Activities. These two statements provide a broad overview of the City's finances. The Statement of Net Assets shows the overall net assets of the City. Over time, increases and decreases in net assets are one indicator of the City's overall financial condition. The Statement of Activities helps to identify functions of the City that are principally supported by taxes and other general revenues (governmental activities) along with other functions that are intended to recover all or most of their costs through user fees and charges (business-type activities).

North Ogden City's business type activities include water, sewer, storm water, and garbage operations. North Ogden City's internal service funds include general motor pool and police motor pool operations.

The fund financial statements provide detailed information about individual major funds and not the City as a whole. A fund is a group of related accounts that the City uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the City's funds are divided into two types, each of which uses a different accounting approach. The two types are 1) Governmental Funds and 2) Proprietary Funds.

Governmental Funds – Most of the City's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements.

Proprietary Funds – North Ogden City uses two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. North Ogden City has four enterprise funds – water, sewer, storm water, and solid waste. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains two internal service funds to account for its fleet activities. Because these services predominantly benefit government rather than business-type activities, they are included with *governmental activities* in the government-wide statements.

Differences between Government-Wide and Fund Statements

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements

The notes found within these financial statements provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and fund financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

The largest component of the City's net assets, 83.6 percent, reflects investments in capital assets (land, buildings, machinery and equipment, improvements, and other infrastructure) less all, outstanding debt that was issued to buy or build those assets. This is an increase from last years 81.5 percent. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities. Resources needed to repay debt must be provided from other sources.

The combined change in net assets of the enterprise fund shows an increase of \$1,473,903 or 273% from the previous year.

Restricted net assets are subject to external restrictions on how they may be used. Last years restricted net assets comprised .0005% percent of total net assets. This year there are none that are restricted. The remaining 16.4% percent of net assets is unrestricted and may be used at the City's discretion to meet its ongoing obligations to citizens and creditors.

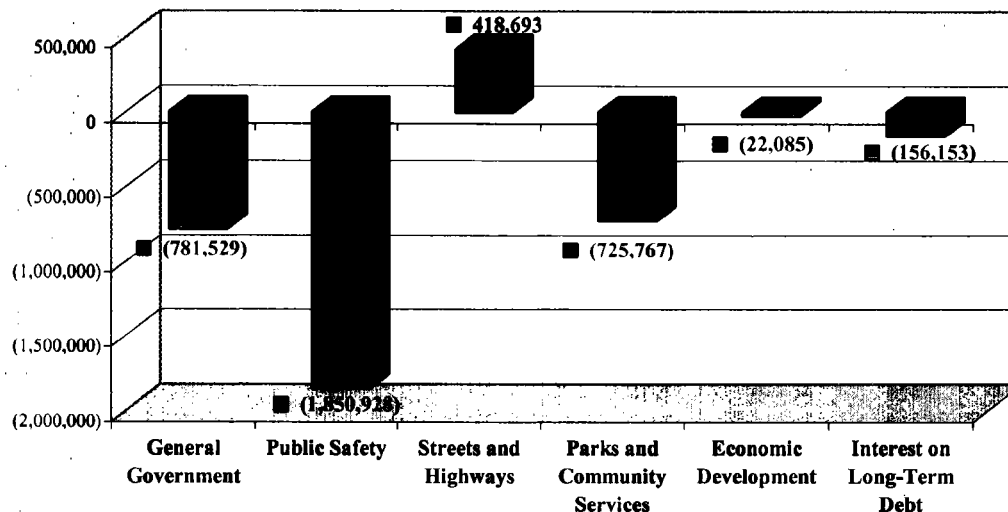
North Ogden City Statement of Net Assets June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current & Other Assets	3,536,926	3,981,204	3,951,055	4,283,187	7,487,981	8,264,391
Capital Assets (net)	15,676,312	14,258,638	20,652,614	18,978,533	36,328,926	33,237,171
Total Assets	19,213,238	18,239,842	24,603,669	23,261,720	43,816,907	41,501,562
Liabilities	1,071,861	1,455,768	46,422	178,377	1,118,283	1,634,145
Long-term Debt Outstanding	3,880,000	4,040,000	-	-	3,880,000	4,040,000
Total Liabilities	4,951,861	5,495,768	46,422	178,377	4,998,283	5,674,145
Net Assets:						
Invested in capital assets, net of related debt	11,796,312	10,218,638	20,652,614	18,978,533	32,448,926	29,197,171
Restricted	-	-	-	-	-	17,430
Unrestricted	2,465,065	2,508,006	3,904,633	4,104,810	6,369,698	6,612,816
Total Net Assets	14,261,377	12,744,074	24,557,247	23,083,343	38,818,624	35,827,417

Governmental Activities

Governmental activities are reflected in the government-wide activities statement. As stated earlier the activities in the governmental funds resulted in an increase in net assets of \$1,517,303. This is 79% increase over the \$847,805 increase of last year. The following chart shows the relative net uses (expenses minus any revenue directly attributed to that particular function) for governmental activities for each of the functions shown on the Statement of Activities.

Governmental Activities Net Uses



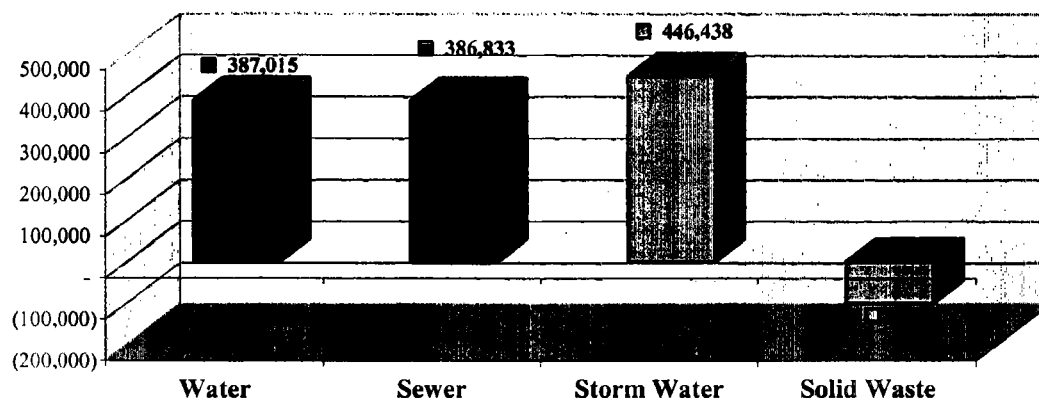
The table below shows that program generated revenues, (charges for services, operating grants and contributions, and capital grants and contributions), covered \$2,551,063 or 45 percent of the costs of the City's governmental activities. This is a 7.71% increase over last years program generated revenue and a 17.8% increase over last years 10.1% decrease. Taxes are the City's main source of revenue, and account for 64.6% of total revenue. Taxes and other general revenues, which covered 62.7 percent of expenses last year, covered 55 percent of expenses this year. This is due to the completion of developer's projects and their total contributions of infrastructure, such as streets, curb, gutter, and sidewalks, valued at \$570,825, to the City. Further explanation may found in 'Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities,' on page 15.

<u>Activities</u>	<u>Total Program Expenses</u>	<u>Less Program Revenues</u>	<u>Net Program Costs</u>	<u>Program Revenues as a Percentage of Total Expenses</u>
General Govt	\$1,143,230	\$361,701	(\$781,529)	31.6%
Public Safety	\$2,541,597	\$690,669	(\$1,850,928)	27.2%
Public Works	\$763,757	\$1,182,450	\$418,693	154.8%
Community Services	\$1,042,010	\$316,243	(\$725,767)	30.3%
Economic Development	\$22,085	\$0	(\$22,085)	0.0%
Interest on long-term debt	\$156,153		(\$156,153)	0.0%
Totals	\$5,668,832	\$2,551,063	(\$3,117,769)	45.0%

Business-Type Activities

Business-type activities increased the City's net assets by \$1,473,904, a 173% increase over the \$538,860 increase of last year. This is due mainly to \$1,094,263 of contributed capital from builders. Total operating revenues increased \$65,372 or 2.6%.

Business-Type Activities Net Uses



Water is the only activity of the business-type activities that is generating sufficient revenue to cover operating costs. The sewer activity is generating 98.3 percent, the storm water activity is generating 67.3 percent, and the solid waste activity is generating only 87.2 percent of the revenues needed to cover expenses. The fees charged for these activities make up 95% of total revenues. These fees have been analyzed and increased and will be reflected in the 2006-2007 fiscal year.

North Ogden City Statement of Activities June 30, 2006

	Governmental Activities		Business Type Activities	
	2006	2005	2006	2005
Revenues				
Program Revenues	2,551,063	1,828,196	3,797,624	2,736,591
General Revenues	4,593,644	3,921,223	354,655	579,909
Total Revenues	7,144,707	5,749,419	4,152,279	3,316,500
Expenses				
Governmental	5,668,832	4,901,614	-	-
Business Type	-	-	2,678,376	2,777,640
Total Expenses	5,668,832	4,901,614	2,678,376	2,777,640
Change in Net Assets	1,475,875	847,805	1,473,903	538,860
Net Assets - Beginning of Year	12,744,074	11,896,269	23,083,344	22,544,483
Prior Period Adjustment	41,428	-	-	-
Net Assets - End of Year	14,261,377	12,744,074	24,557,247	23,083,343

CAPITAL ASSETS AND LONG-TERM DEBT

North Ogden City added \$1,417,674 in new capital assets in governmental activities during the fiscal year - \$745,417 in buildings, \$799,256 in infrastructure (curb, gutter, sidewalks, roads and parking lot), \$6,459 in land and park improvements, and \$133,458 decrease in machinery and equipment. This is \$4,320,970 less than last years figure of \$5,738,644.

In business-type activities North Ogden City added \$1,674,081 in new capital assets during the fiscal year - most of it from \$1,805,325 net contributed capital as builders completed their development.

Please refer to the 'Notes to Financial Statements' on pages 25 and 26 for more detailed information on capital asset activity.

Capital Assets (net of depreciation)

<u>Assets</u>	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Buildings and improvements	745,417	3,578,845	(22,157)	(22,157)	723,260	3,556,688
Infrastructure	799,256	1,041,240	1,805,325	604,051	2,604,581	1,645,291
Land & Park Improvements	6,459	898,823	-	98,051	6,459	996,874
Machinery and equipment	(133,458)	219,736	(109,087)		(242,545)	219,736
Total	<u>1,417,674</u>	<u>5,738,644</u>	<u>1,674,081</u>	<u>679,945</u>	<u>3,091,755</u>	<u>6,418,589</u>

The City issued \$4,040,000 in revenue bonds in November 2004, to build a new Aquatic Center. The City has no other long-term debt.

Please refer to the 'Notes to Financial Statements' on pages 26 and 27 for more detailed information on long-term debt activity.

Long-Term Debt

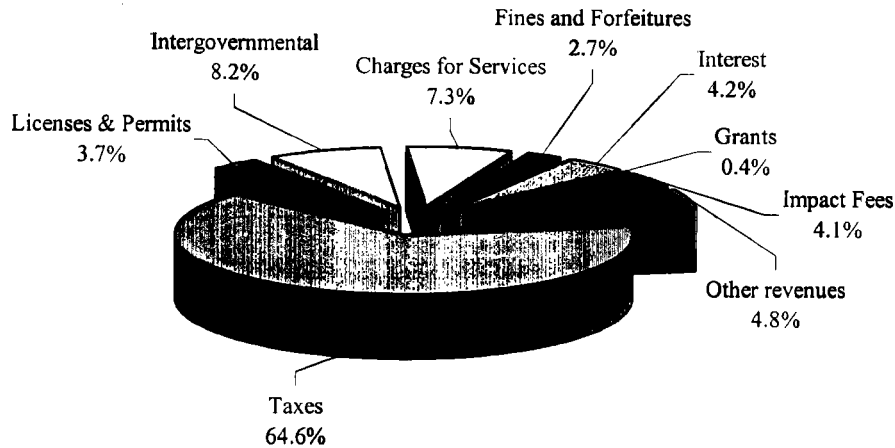
<u>Assets</u>	Governmental Activities		Business Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Buildings and improvements	3,880,000	4,040,000	-	-	3,880,000	4,040,000
Total	<u>3,880,000</u>	<u>4,040,000</u>	<u>-</u>	<u>-</u>	<u>3,880,000</u>	<u>4,040,000</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Fund Balances

At June 30, 2006, North Ogden City's governmental funds reported combined fund balances of \$1,314,562, a \$121,899 decrease from last fiscal year. The general fund increased by \$320,605, the RDA fund increased \$48,403, the CDBG Housing Rehab. Fund increased \$42,595 and the Capital Projects fund decreased by (\$533,502). Most of that was the result of additional expenditures needed to complete the Aquatic Center. The Council voted to appropriate funds from fund balance to complete the pool. Of this years fund balance, \$632,207 or 33.5% is reserved from the RDA. The remaining \$1,256,353 or 66.5% is unreserved. The following charts show the governmental fund revenues by source and expenditures, while the tables compare them to last year.

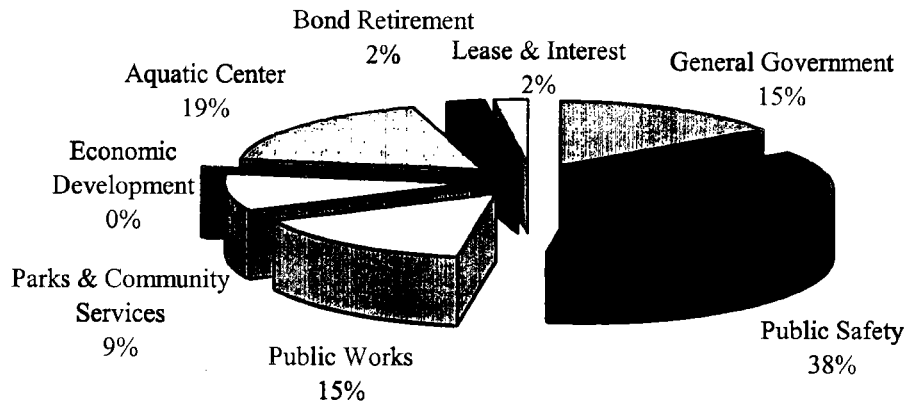
General Fund Revenue Sources



Governmental Fund Revenues (prior year comparison)

<u>Revenues</u>	<u>2006</u>	<u>2005</u>	<u>\$ Increase / (Decrease)</u>	<u>% Increase / (Decrease)</u>
Taxes	4,258,120	3,933,062	325,058	8.3%
Licenses & Permits	241,823	235,594	6,229	2.6%
Intergovernmental	540,501	460,935	79,566	17.3%
Charges for Services	478,505	187,695	290,810	154.9%
Fines and Forfeitures	178,698	153,582	25,116	16.4%
Interest	279,524	230,045	49,479	21.5%
Grants	25,194	89,247	(64,053)	-71.8%
Lease Revenue	0	50,000	(50,000)	-100.0%
Impact Fees	271,163	261,411	9,752	3.7%
Other revenues	314,241	188,627	125,614	66.6%
Total Revenues	6,587,769	5,790,198	797,571	13.8%

General Fund Expenditures



Governmental Fund Expenditures (prior year comparison)

<u>Expenditures</u>	<u>2006</u>	<u>2005</u>	<u>\$ Increase / (Decrease)</u>	<u>% Increase / (Decrease)</u>
General Government	1,024,374	1,392,040	(367,666)	-26.4%
Public Safety	2,480,819	2,335,593	145,226	6.2%
Public Works	1,015,181	1,533,266	(518,085)	-33.8%
Parks & Community Services	617,353	683,464	(66,111)	-9.7%
Economic Development	22,085	80,000	(57,915)	-72.4%
Aquatic Center	1,202,793	3,312,490	(2,109,697)	-63.7%
Bond Retirement	160,000	0	160,000	100.0%
Lease & Interest	157,063	195,073	(38,010)	-19.5%
Total Expenditures	6,679,668	9,531,926	(2,852,258)	-29.9%

General Fund Budgetary Highlights

North Ogden City prepares its budget according to state statutes. The most significant budget is the General Fund. The City amended the General Fund budget two times during the year to meet the needs of the departments as issues arose. The budget was increased by \$184,196. The increases were necessary to reflect a trade-in on equipment in Streets and Highways, to fund new laptop replacements for police vehicles, to cover unanticipated engineering costs in the Planning Department, and to fund a full-time position in the Parks Department.

Actual General Fund revenues were \$5,870,970 or 10.3% above the final budget. Actual expenditures were \$5,052,559 or 4% below the original budget and \$395,507 or 7% below the final budget. As stated earlier, the City intentionally drew upon existing fund balance in the General Fund to cover specific expenditures.

RDA Fund

During the fiscal year, the fund balance in the Redevelopment Agency Fund increased \$48,403, reducing the fund's deficit by 8%. Most of the revenues came from property taxes.

Capital Projects Fund

During the fiscal year, the fund balance in the Capital Projects Fund decreased by \$990,058 to \$76,946. Major expenditures included \$902,242 for the construction of an aquatic center, \$59,903 in land and park improvements, and \$325,816 in street projects. The City received \$250,380 in park impact fees. Part of this was committed to match grant funds for trails expansion and park development.

Enterprise Fund – Business Type Activities

The Enterprise Fund consists of the Water, Sewer, Storm Water, and Solid Waste Funds. Although it was stated earlier that the water fund was the only activity generating sufficient revenue to cover operating costs it is also one of the funds, the other fund being solid waste, that decreased its cash position. The City pays for all enterprise fund capital equipment and projects with cash. As a result the water fund decreased its cash by \$578,513 to \$1,630,855 and the solid waste fund decreased its cash by \$85,565 to \$257,645. The sewer fund increased its cash by \$153,155 to \$893,635, and the storm water fund increased its cash by \$92,712 to \$318,282.

OTHER MATTERS

Current and Future Projects

The City has begun setting aside funds in the Enterprise Funds for the construction of a new public works building. The current buildings are old and are no longer efficient.

Over the past five years the City's general fund costs to provide services has increased \$1,636,518 or 39.8% yet the City's revenue has not kept up, the City maintained its property tax rate for the first time in ten years. This will be evident in the next fiscal year. Recognizing the need for more revenue the City has begun courting new businesses into North Ogden City in an effort to increase the sales tax revenue. Sales tax is an important revenue source, currently making up 27% of the City general fund revenue.

The City is experiencing new growth in residential building. To meet the future needs for water the City is currently building two new water wells in the North part of the City.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of North Ogden City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the City's finances should be addressed to:

Debbie Cardenas
Finance Director
505 E 2600 N
North Ogden UT 84414

NORTH OGDEN CITY

Statement of Net Assets

June 30, 2006

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Fire Agency	Senior Citizens
Assets:					
Cash and cash equivalents	\$ 3,358,213	3,100,417	6,458,630	938,509	31,784
Restricted cash with agent	189,308	-	189,308	121,495	-
Accounts receivable	426,154	244,500	670,654	75,667	-
Internal balances	(516,318)	516,318	-	-	-
Due from other governments	-	89,820	89,820	29,967	-
Prepays	-	-	-	2,338	-
Deferred charges (net)	79,569	-	79,569	27,863	-
Capital assets:					
Land and related non-depreciable assets	3,118,179	159,493	3,277,672	91,250	-
Buildings	8,395,389	324,649	8,720,038	1,590,008	-
Depreciable infrastructure and improvements	3,493,782	25,889,404	29,383,186	-	-
Park improvements	1,339,306	-	1,339,306	-	-
Machinery and equipment	2,953,294	1,639,183	4,592,477	1,351,972	-
Less accumulated depreciation	(3,623,638)	(7,360,115)	(10,983,753)	(934,635)	-
Total capital assets	<u>15,676,312</u>	<u>20,652,614</u>	<u>36,328,926</u>	<u>2,098,595</u>	<u>-</u>
Total assets	<u>19,213,238</u>	<u>24,603,669</u>	<u>43,816,907</u>	<u>3,294,434</u>	<u>31,784</u>
Liabilities:					
Accounts payable and accrued liabilities	344,415	8,679	353,094	1,622	-
Compensated absences	171,967	36,918	208,885	50,927	-
Accrued interest payable on bonds	25,911	-	25,911	4,098	-
Due to other governments	35,074	-	35,074	-	-
Deposits	148,617	180	148,797	-	-
Deferred revenue	259,515	645	260,160	-	-
Bond issue premium (net)	86,362	-	86,362	-	-
Noncurrent liabilities:					
Amount due within one year	160,000	-	160,000	72,000	-
Due in more than one year	<u>3,720,000</u>	<u>-</u>	<u>3,720,000</u>	<u>1,055,000</u>	<u>-</u>
Total liabilities	<u>4,951,861</u>	<u>46,422</u>	<u>4,998,283</u>	<u>1,183,647</u>	<u>-</u>
Net assets:					
Invested in capital assets, net of related debt	11,796,312	20,652,614	32,448,926	971,595	-
Unrestricted	<u>2,465,065</u>	<u>3,904,633</u>	<u>6,369,698</u>	<u>1,139,192</u>	<u>31,784</u>
Total net assets	<u>\$14,261,377</u>	<u>24,557,247</u>	<u>38,818,624</u>	<u>2,110,787</u>	<u>31,784</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Activities

Year Ended June 30, 2006

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General government	\$ 1,143,230	361,701	-	-
Public safety	2,541,597	655,199	35,470	-
Public works	763,757	81,400	530,225	570,825
Parks and recreation	1,042,010	286,243	30,000	-
Economic development	22,085	-	-	-
Interest on long-term debt	156,153	-	-	-
Total governmental activities	<u>5,668,832</u>	<u>1,384,543</u>	<u>595,695</u>	<u>570,825</u>
Business-type:				
Water	978,378	1,014,882	-	350,511
Sewer	568,740	559,423	-	396,150
Storm water	384,706	258,992	-	572,152
Solid waste	746,552	645,514	-	-
Total business-type activities	<u>2,678,376</u>	<u>2,478,811</u>	<u>-</u>	<u>1,318,813</u>
Total primary government	<u>\$ 8,347,208</u>	<u>3,863,354</u>	<u>595,695</u>	<u>1,889,638</u>
Component units:				
Fire agency	\$ 1,228,088	1,173,763	51,237	-
Senior citizens	21,757	6,723	5,400	-
Total component units	<u>\$ 1,294,845</u>	<u>1,180,486</u>	<u>56,637</u>	<u>-</u>
General revenues:				
Property tax				
Sales tax				
Franchise and energy tax				
Total taxes				
Interest earned				
Other general revenues:				
Miscellaneous				
Disposition of assets				
Total other general revenues				
Total general revenues				
Change in net assets				
Net assets - beginning of year				
Prior period adjustment				
Beginning net assets restated				
Net assets - end of year				

See independent auditors' report and notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	North View Fire Agency	North View Senior Citizens
(781,529)	-	(781,529)	-	-
(1,850,928)	-	(1,850,928)	-	-
418,693	-	418,693	-	-
(725,767)	-	(725,767)	-	-
(22,085)	-	(22,085)	-	-
(156,153)	-	(156,153)	-	-
<u>(3,117,769)</u>	<u>-</u>	<u>(3,117,769)</u>	<u>-</u>	<u>-</u>
-	387,015	387,015	-	-
-	386,833	386,833	-	-
-	446,438	446,438	-	-
<u>-</u>	<u>(101,038)</u>	<u>(101,038)</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>1,119,248</u>	<u>1,119,248</u>	<u>-</u>	<u>-</u>
<u>(3,117,769)</u>	<u>1,119,248</u>	<u>(1,998,521)</u>	<u>-</u>	<u>-</u>
-	-	-	(3,088)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,634)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,088)</u>	<u>(9,634)</u>
1,720,055	-	1,720,055	-	-
1,589,846	-	1,589,846	-	-
948,219	-	948,219	-	-
<u>4,258,120</u>	<u>-</u>	<u>4,258,120</u>	<u>-</u>	<u>-</u>
280,691	-	280,691	43,971	795
57,292	341,123	398,415	2,056	-
(2,459)	13,532	11,073	2,007	-
<u>54,833</u>	<u>354,655</u>	<u>409,488</u>	<u>4,063</u>	<u>-</u>
<u>4,593,644</u>	<u>354,655</u>	<u>4,948,299</u>	<u>48,034</u>	<u>795</u>
<u>1,475,875</u>	<u>1,473,903</u>	<u>2,949,778</u>	<u>44,946</u>	<u>(8,839)</u>
12,744,074	23,083,344	35,827,418	2,065,841	40,623
<u>41,428</u>	<u>-</u>	<u>41,428</u>	<u>-</u>	<u>-</u>
<u>12,785,502</u>	<u>23,083,344</u>	<u>35,868,846</u>	<u>2,065,841</u>	<u>40,623</u>
<u>\$14,261,377</u>	<u>24,557,247</u>	<u>38,818,624</u>	<u>2,110,787</u>	<u>31,784</u>

NORTH OGDEN CITY

Balance Sheet
Governmental Funds

June 30, 2006

<u>Assets</u>	<u>General Fund</u>	<u>RDA Fund</u>	<u>CDBG Housing Rehab. Fund</u>	<u>Capital Projects</u>	<u>Total Government Funds</u>
Cash and cash equivalents	\$ 1,429,306	30,570	52,008	489,160	2,001,044
Restricted cash with fiscal agent	-	189,308	-	-	189,308
Accounts receivable	418,531	1,217	-	6,406	426,154
Due from other funds	<u>672,719</u>	-	-	-	<u>672,719</u>
	<u>\$ 2,520,556</u>	<u>221,095</u>	<u>52,008</u>	<u>495,566</u>	<u>3,289,225</u>
<u>Liabilities and Fund Equity</u>					
Liabilities:					
Accounts payable	\$ 342,419	-	-	-	342,419
Due to other funds	-	738,526	-	450,512	1,189,038
Due to other governments	17,907	-	-	17,167	35,074
Performance bonds and deposits	148,617	-	-	-	148,617
Deferred revenue	<u>123,053</u>	<u>31,629</u>	-	<u>104,833</u>	<u>259,515</u>
Total liabilities	<u>631,996</u>	<u>770,155</u>	-	<u>572,512</u>	<u>1,974,663</u>
Fund equity:					
Fund balance:					
Reserved	632,207	-	-	-	632,207
Unreserved	<u>1,256,353</u>	<u>(549,060)</u>	<u>52,008</u>	<u>(76,946)</u>	<u>682,355</u>
Total fund equity	<u>1,888,560</u>	<u>(549,060)</u>	<u>52,008</u>	<u>(76,946)</u>	<u>1,314,562</u>
	<u>\$ 2,520,556</u>	<u>221,095</u>	<u>52,008</u>	<u>495,566</u>	<u>3,289,225</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

June 30, 2006

Total fund balance - governmental funds \$ 1,314,562

Amount reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are
not reported as assets in governmental funds.

These assets consist of:

Land and related non-depreciable assets	\$ 3,118,179	
Buildings	8,057,824	
Depreciable infrastructure and improvements	3,493,782	
Depreciable park improvement	1,339,306	
Machinery and equipment	879,420	
Accumulated depreciation	<u>(2,074,064)</u>	
Total capital assets		14,814,447

Deferred charges such as unamortized bond issue
costs are not financial resources and are, therefore,
not reported in governmental funds

79,569

Internal service funds are used by management to
charge the costs of certain activities to individual
funds. The assets and liabilities of those internal
service funds that primarily benefit governmental
entities are included with governmental activities
in the statement of net assets.

2,216,098

Some liabilities are not due and payable in the current
period and therefore are not reported in the funds.

Those liabilities consist of:

Bonds payable	(3,880,000)	
Net bond premium	(86,362)	
Interest payable	(25,910)	
Compensated absences and benefits	<u>(171,027)</u>	
Total long-term debt		(4,163,299)

Total net assets - governmental activities

\$14,261,377

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

Year Ended June 30, 2006

	General Fund	RDA Fund	CDBG Housing Rehab. Fund	Capital Projects	Total Government Funds
Revenues:					
Taxes	\$ 3,941,584	316,536	-	-	4,258,120
Licenses and permits	241,823	-	-	-	241,823
Intergovernmental	540,501	-	-	-	540,501
Charges for services	478,505	-	-	-	478,505
Fines and forfeitures	178,698	-	-	-	178,698
Interest	203,234	6,015	-	70,275	279,524
Other grants	25,194	-	-	-	25,194
Impact fees	20,783	-	-	250,380	271,163
Other revenues	265,842	-	42,595	5,804	314,241
Total revenues	<u>5,896,164</u>	<u>322,551</u>	<u>42,595</u>	<u>326,459</u>	<u>6,587,769</u>
Expenditures:					
General government	1,024,374	-	-	-	1,024,374
Public safety	2,480,819	-	-	-	2,480,819
Streets and highways	689,365	-	-	325,816	1,015,181
Parks and recreation	557,450	-	-	59,903	617,353
Economic development	-	22,085	-	-	22,085
Aquatic center	300,551	-	-	902,242	1,202,793
Bond retirement	-	160,000	-	-	160,000
Interest on bond	-	157,063	-	-	157,063
Total expenditures	<u>5,052,559</u>	<u>339,148</u>	<u>-</u>	<u>1,287,961</u>	<u>6,679,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>843,605</u>	<u>(16,597)</u>	<u>42,595</u>	<u>(961,502)</u>	<u>(91,899)</u>
Other financing sources (uses):					
Donations from private sources	-	-	-	30,000	30,000
Transfers from (to) other funds	<u>(523,000)</u>	<u>65,000</u>	<u>-</u>	<u>398,000</u>	<u>(60,000)</u>
Total other financing sources (uses)	<u>(523,000)</u>	<u>65,000</u>	<u>-</u>	<u>428,000</u>	<u>(30,000)</u>
Net change in fund balances	320,605	48,403	42,595	(533,502)	(121,899)
Fund balances - beginning of year	<u>1,567,955</u>	<u>(597,463)</u>	<u>9,413</u>	<u>456,556</u>	<u>1,436,461</u>
Fund balances - end of year	<u>\$ 1,888,560</u>	<u>(549,060)</u>	<u>52,008</u>	<u>(76,946)</u>	<u>1,314,562</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year Ended June 30, 2006

Net change in fund balance - total governmental funds	\$ (121,899)
Amount reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures (\$1,336,888). However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$373,369). Capital outlays exceeded depreciation for the period.	963,519
The payment of long-term debt uses current financial resources to governmental funds. These payments are treated as payments of liabilities in the statement of activities.	160,000
Contributions of infrastructure to governmental funds do not provide current financial resources but are reported in the statement of activities.	570,825
Adjustments and asset retirements of general government capital assets are not reported in the fund statements but are reflected in the entity-wide statement of activities.	(4,291)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	73,455
Some revenue reported in the governmental funds is reported as reductions of assets in the statement of net assets.	(41,428)
Some revenue reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue of governmental funds.	376
Changes in accrued interest expense used in government activities are not payable from current resources and are therefore not reported in governmental funds.	534
Changes in compensated absences payable are treated as expenses in governmental statements, but are reductions or increases in liability in the statement of net assets.	(125,216)
Changes in net assets of governmental activities	<u>\$ 1,475,875</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Net Assets Enterprise Funds

June 30, 2006

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Current assets:						
Cash	\$ 1,630,855	893,635	318,282	257,645	3,100,417	1,357,169
Accounts receivable	95,588	58,390	25,426	65,096	244,500	-
Due from RDA Fund 65	64,837	41,481	-	-	106,318	-
Due from MBA Fund	-	410,000	-	-	410,000	-
Due from other governments	-	-	89,820	-	89,820	-
Total current assets	<u>1,791,280</u>	<u>1,403,506</u>	<u>433,528</u>	<u>322,741</u>	<u>3,951,055</u>	<u>1,357,169</u>
Non-current assets:						
Land	60,510	-	98,983	-	159,493	-
Building and structures	324,649	-	-	-	324,649	337,565
Water system and wells	13,879,882	5,569,800	6,439,722	-	25,889,404	-
Machinery and equipment	361,566	296,275	279,806	701,536	1,639,183	2,073,874
Accumulated depreciation	(4,076,981)	(1,478,615)	(1,262,389)	(542,130)	(7,360,115)	(1,549,574)
Total non-current assets	<u>10,549,626</u>	<u>4,387,460</u>	<u>5,556,122</u>	<u>159,406</u>	<u>20,652,614</u>	<u>861,865</u>
Total assets	<u>12,340,906</u>	<u>5,790,966</u>	<u>5,989,650</u>	<u>482,147</u>	<u>24,603,669</u>	<u>2,219,034</u>
Current liabilities:						
Compensated absences payable	10,919	5,193	6,077	14,729	36,918	940
Wages payable	4,280	1,255	2,399	745	8,679	1,996
Deferred revenue	-	-	645	-	645	-
Deposit for services	180	-	-	-	180	-
Total current liabilities	<u>15,379</u>	<u>6,448</u>	<u>9,121</u>	<u>15,474</u>	<u>46,422</u>	<u>2,936</u>
Net assets:						
Invested in capital assets, net of related debt	10,549,626	4,387,460	5,556,122	159,406	20,652,614	861,865
Unrestricted	<u>1,775,901</u>	<u>1,397,058</u>	<u>424,407</u>	<u>307,267</u>	<u>3,904,633</u>	<u>1,354,233</u>
Total net assets	<u>\$12,325,527</u>	<u>5,784,518</u>	<u>5,980,529</u>	<u>466,673</u>	<u>24,557,247</u>	<u>2,216,098</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Revenues, Expenses, and Changes in Fund Net Assets Enterprise Funds

Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Operating revenues:						
Charges for services	\$ 971,768	551,665	258,992	633,214	2,415,639	490,447
Connection fees	43,114	7,758	-	-	50,872	-
Special fees to builders	-	-	-	12,300	12,300	-
Miscellaneous	52,975	-	-	5,735	58,710	-
Total operating revenues	<u>1,067,857</u>	<u>559,423</u>	<u>258,992</u>	<u>651,249</u>	<u>2,537,521</u>	<u>490,447</u>
Operating expenses:						
Salaries	218,795	60,926	94,518	39,133	413,372	79,453
Compensated absences	1,239	1,212	(2,100)	1,802	2,153	(57)
Employee benefits	82,109	25,373	43,897	13,384	164,763	31,301
Subscriptions and memberships	1,525	-	-	-	1,525	-
Public notices	2,949	-	-	-	2,949	-
Travel and conventions	2,868	925	-	-	3,793	1,002
Department supplies	25,650	5,507	8,995	165	40,317	2,846
Motor pool lease	65,590	26,236	13,840	4,373	110,039	-
Computer services	2,126	462	-	-	2,588	451
Blue stake services	1,364	-	-	-	1,364	-
Depreciation	387,039	136,061	184,796	49,089	756,985	183,344
Office expense	16,138	6,797	3,063	6,543	32,541	-
Mailing service	721	-	-	-	721	-
Engineering	8,705	6,294	14,672	-	29,671	-
Building maintenance	132	132	132	132	528	1,640
Preventative maintenance	5,595	-	528	-	6,123	-
Telephone and utilities	3,920	-	-	194	4,114	14,564
Power and pumping	34,075	-	-	-	34,075	-
Professional fees	547	547	547	500	2,141	-
Tax assessment	22,853	-	-	-	22,853	-
Water sample testing	6,083	-	-	-	6,083	-
Bad debt	884	-	79	225	1,188	-
Collection expenses	975	174	-	-	1,149	-
Central Weber Sewer	-	245,608	-	-	245,608	-
Sewer charges - Ogden City	-	12,653	-	-	12,653	-
Landfill fees	-	-	-	241,407	241,407	-
WM contract	-	-	-	346,128	346,128	-
Mulching	-	-	-	10,175	10,175	-
Sewer system repairs	-	8,634	-	-	8,634	-
Vehicle repairs and maintenance	-	-	-	-	-	85,301
Fuel	-	-	-	-	-	78,979
Administrative services fee - general fund	86,496	31,199	21,739	33,302	172,736	-
Total operating expenses	<u>978,378</u>	<u>568,740</u>	<u>384,706</u>	<u>746,552</u>	<u>2,678,376</u>	<u>478,824</u>
Operating income (loss)	<u>89,479</u>	<u>(9,317)</u>	<u>(125,714)</u>	<u>(95,303)</u>	<u>(140,855)</u>	<u>11,623</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Revenues, Expenses, and Changes in Fund Net Assets - Continued Enterprise Funds

Year Ended June 30, 2006

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>	
Non-operating revenues (expenses):						
Grant revenue	\$ -	-	224,550	-	224,550	-
Impact fees	133,298	10,376	138,739	-	282,413	-
Sale of assets	(1,468)	15,000	-	-	13,532	1,832
Transfer in from water fund	(200,000)	-	200,000	-	-	-
Transfer in from street department	-	-	-	-	-	60,000
Total non-operating revenues (expenses)	<u>(68,170)</u>	<u>25,376</u>	<u>563,289</u>	<u>-</u>	<u>520,495</u>	<u>61,832</u>
Capital contributed - builders	<u>350,511</u>	<u>396,150</u>	<u>347,602</u>	<u>-</u>	<u>1,094,263</u>	<u>-</u>
Change in net assets	371,820	412,209	785,177	(95,303)	1,473,903	73,455
Net assets - beginning of year	<u>11,953,707</u>	<u>5,372,309</u>	<u>5,195,352</u>	<u>561,976</u>	<u>23,083,344</u>	<u>2,142,643</u>
Net assets - end of year	<u>\$12,325,527</u>	<u>5,784,518</u>	<u>5,980,529</u>	<u>466,673</u>	<u>24,557,247</u>	<u>2,216,098</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Cash Flows
Enterprise Funds

Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Cash flows from operating activities:						
Cash received from utility customers	\$ 977,817	551,228	258,894	631,442	2,419,381	490,447
Cash received from other activities	96,089	7,758	-	18,035	121,882	-
Cash payments for payroll and benefits	(300,693)	(86,039)	(138,457)	(52,323)	(577,512)	(110,318)
Cash payments for goods and services	<u>(289,196)</u>	<u>(345,168)</u>	<u>(63,595)</u>	<u>(643,144)</u>	<u>(1,341,103)</u>	<u>(184,783)</u>
Net cash provided (used) by operating activities	<u>484,017</u>	<u>127,779</u>	<u>56,842</u>	<u>(45,990)</u>	<u>622,648</u>	<u>195,346</u>
Cash flows from investing activities	-	-	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-	-	-
Cash flows from non-capital financing activities:						
Transfer in (out) enterprise funds	(200,000)	-	200,000	-	-	-
Transfer in (out) street department general fund	-	-	-	-	-	60,000
Net cash provided (used) by non-capital financing activities	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Cash flows from capital and related financing activities:						
Cash payments for property and equipment purchases	(995,828)	-	(302,869)	(39,575)	(1,338,272)	(83,429)
Proceeds from capital asset sales	-	15,000	-	-	15,000	14,296
Impact fees collected for capital projects	<u>133,298</u>	<u>10,376</u>	<u>138,739</u>	<u>-</u>	<u>282,413</u>	<u>-</u>
Net cash provided (used) for capital related financing activities	<u>(862,530)</u>	<u>25,376</u>	<u>(164,130)</u>	<u>(39,575)</u>	<u>(1,040,859)</u>	<u>(69,133)</u>
Net increase (decrease) in cash and cash equivalents	(578,513)	153,155	92,712	(85,565)	(418,211)	186,213
Cash and cash equivalents - beginning of year	<u>2,209,368</u>	<u>740,480</u>	<u>225,570</u>	<u>343,210</u>	<u>3,518,628</u>	<u>1,170,956</u>
Cash and cash equivalents - end of year	<u>\$ 1,630,855</u>	<u>893,635</u>	<u>318,282</u>	<u>257,645</u>	<u>3,100,417</u>	<u>1,357,169</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Statement of Cash Flows - Continued Enterprise Funds

Year Ended June 30, 2006

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 89,479	(9,317)	(125,714)	(95,303)	(140,855)	11,623
Adjustments to reconcile operating income to net cash provided by by operating activities:						
Depreciation	387,039	136,061	184,796	49,089	756,985	183,344
Decrease (increase) in receivables	6,049	(437)	(98)	(1,772)	3,742	-
(Decrease) increase in compensated absences or accounts payable	<u>1,450</u>	<u>1,472</u>	<u>(2,142)</u>	<u>1,996</u>	<u>2,776</u>	<u>379</u>
Total adjustments	<u>394,538</u>	<u>137,096</u>	<u>182,556</u>	<u>49,313</u>	<u>763,503</u>	<u>183,723</u>
Net cash provided (used) by operating activities	\$ <u>484,017</u>	<u>127,779</u>	<u>56,842</u>	<u>(45,990)</u>	<u>622,648</u>	<u>195,346</u>
Noncash investing, capital and financing activities:						
Capital contributions by developers	\$ <u>350,511</u>	<u>396,150</u>	<u>347,602</u>	<u>-</u>	<u>1,130,008</u>	<u>-</u>

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Notes to Financial Statements

June 30, 2006

(1) Summary of Significant Accounting Policies

North Ogden City was incorporated in 1934. The City operates under a traditional council/mayor form of government and provides the following services as authorized by its charter: public safety, public utilities, highways and streets, sanitation, social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The financial statements of North Ogden City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present North Ogden City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units:

North Ogden Redevelopment Agency - The North Ogden Redevelopment Agency (RDA) is governed by the Mayor and City Council. Although it is legally separate from the City, the RDA is reported as if it were part of the primary government because its sole purpose is to redevelop areas within the City thereby generating additional property tax and sales tax.

North Ogden Municipal Building Authority - The Municipal Building Authority is governed by the Mayor and City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to issue revenue bonds for construction of buildings or purchase land which is leased to the City.

Discretely Presented Component Units:

North View Fire Agency - North View Fire Agency (formerly North View Fire Department) is a separate inter-local entity formed by the cities of North Ogden, Pleasant View and Harrisville to provide fire protection, emergency medical services and other related services to their citizens. The Agency is governed by an administrative board consisting of the mayors of each participating city. Because a majority of its operating fees for fire services comes from North Ogden City, it is considered to be economically dependent upon the City and is therefore reported with the City.

North View Senior Center - The North View Senior Center is a legally separate non-profit entity that provides classes and other activities for senior citizens of the North Ogden area. Although it is a separate entity from the City, it is reported with the City because it provides services almost exclusively for the City and is economically dependent on the City.

B. Government-Wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-Wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

The Statement of Net Assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2006

(1) Summary of Significant Accounting Policies - Continued

clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and statutory mandate. The various funds are grouped, in the financial statements in this report, into fund types and categories as follows:

Governmental Fund Types:

The City reports the following major governmental funds:

General fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in other funds. It also includes the financial activities related to most federal and state funds.

Special revenue funds - These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital projects funds - These funds are used to account for financial resources to be used for the acquisition or construction of general major capital facilities.

Proprietary Fund Types:

Enterprise funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City operates its water, sewer, storm drainage, and garbage fund as enterprise funds. Each is considered a major proprietary fund.

Internal service funds - The internal service funds are used to provide financing of goods and services provided by one department or agency to other departments or agencies of the government, or other governments on a cost-reimbursements basis. The City maintained internal service funds for motor vehicle fleet operations. Internal service funds are reported as a single column on the enterprise fund statements and are combined with governmental activities on the government-wide statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2006

(1) Summary of Significant Accounting Policies - Continued

All governmental funds are accounted for using the modified accrual basis of accounting. That is, revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued in the individual funds because the current portion of these items cannot be reasonably estimated and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The City applies only the applicable FASB pronouncements issued on or before November 30, 1989.

D. Budgets

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act of Utah Cities" by North Ogden City Municipal Council on or before June 22nd for the following fiscal year which begins on July 1. Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are prepared in line-item detail; however, budget amendments by resolution are generally required only if the fund desires to exceed its total budget appropriation. The City follows Uniform Fiscal Procedures for Cities as adopted by the State Legislature for policies concerning its budgetary accounting. Annual budgets are adopted for all governmental fund types. All annual appropriations lapse at fiscal year end.

During the year, two supplemental amendments were made to the City's general fund budget in the amount of \$184,196.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	50 years
Water distribution system	50 years
Sewer collection system	50 years
Equipment and machinery	3-10 years
Infrastructure and other improvements	10-30 years
Wells and related structures	5-10 years
Trucks	4-10 years

F. Reservations of Fund Balance/Retained Earnings

The City is required to reserve part of the fund balance of the general fund to account for the unexpended portions of certain types of revenue and encumbrances. Reservation of fund balance is comprised of reserve for redevelopment agency of \$632,207 at June 30, 2006.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2006

(1) Summary of Significant Accounting Policies - Continued

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Deposits and Investments

Deposits and investments for North Ogden City are governed by the Utah Money Management Act and by rules of the Utah Money Management Council. Following are discussions of the City's exposure to various risks related to its cash management activities.

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council.

The City's deposits in the bank in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City's deposits at June 30, 2006 were \$1,754,058, of which \$522,487 were uninsured and uncollateralized.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

The City is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the City's investments at June 30, 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 4,436,634	55 days*	not rated
PTIF Investments - Wells Fargo construction	1,252,423	55 days*	not rated
PTIF Investments - Wells Fargo debt service	189,308	55 days*	not rated
	<u>\$ 5,878,365</u>		

*Weighted-average maturity

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2006

(2) Deposits and Investments - Continued

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing solely in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in the previous table.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

(3) Assets Held by Trustee

The balance of assets held by the fiscal agent in each fund at June 30, 2006 was as follows:

Bond debt service fund	\$ <u>186,308</u>
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The assets held by the fiscal agent consisted of the following at June 30, 2006:

Utah Public Treasurer's Investment Fund	\$ <u>186,308</u>
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(4) Accounts Receivable

The City considers its utility fund accounts receivable to be substantially collectable and has therefore not recorded an allowance for doubtful accounts.

(5) Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 3,118,179	-	-	3,118,179
Total	<u>3,118,179</u>	<u>-</u>	<u>-</u>	<u>3,118,179</u>
Capital assets being depreciated:				
Buildings and improvements	7,499,140	923,245	26,997	8,395,388
Infrastructure	2,597,131	896,652	-	3,493,783
Park improvements	1,306,433	32,874	-	1,339,307
Machinery and equipment	3,001,412	299,903	348,022	2,953,293
Total	<u>14,404,116</u>	<u>2,152,674</u>	<u>375,019</u>	<u>16,181,771</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2006

(5) Capital Assets - Continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (1,154,834)	(176,329)	(25,498)	(1,305,665)
Infrastructure	(83,997)	(97,396)	-	(181,393)
Park improvements	(51,491)	(26,415)	-	(77,906)
Machinery and equipment	(1,973,335)	(256,572)	(171,233)	(2,058,674)
Total	<u>(3,263,657)</u>	<u>(556,712)</u>	<u>(196,731)</u>	<u>(3,623,638)</u>
Capital assets being depreciated, net	<u>11,140,459</u>	<u>1,595,962</u>	<u>178,288</u>	<u>12,558,133</u>
Governmental activity capital assets, net	<u>\$14,258,638</u>	<u>1,595,962</u>	<u>178,288</u>	<u>15,676,312</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 159,493	-	-	159,493
Total	<u>159,493</u>	<u>-</u>	<u>-</u>	<u>159,493</u>
Capital assets being depreciated:				
Buildings and improvements	324,649	-	-	324,649
Infrastructure	23,501,051	2,388,353	-	25,889,404
Machinery and equipment	<u>1,777,439</u>	<u>44,182</u>	<u>182,438</u>	<u>1,639,183</u>
Total	<u>25,603,139</u>	<u>2,432,535</u>	<u>182,438</u>	<u>27,853,236</u>
Less accumulated depreciation for:				
Buildings and improvements	(120,708)	(22,157)	-	(142,865)
Infrastructure	(5,581,911)	(583,028)	-	(6,164,939)
Machinery and equipment	(1,081,480)	(151,800)	(180,969)	(1,052,311)
Total	<u>(6,784,099)</u>	<u>(756,985)</u>	<u>(180,969)</u>	<u>(7,360,115)</u>
Capital assets being depreciated, net	<u>18,819,040</u>	<u>1,675,550</u>	<u>1,469</u>	<u>20,493,121</u>
Business-type activities capital assets, net	<u>\$18,978,533</u>	<u>1,675,550</u>	<u>1,469</u>	<u>20,652,614</u>

Capital assets in the statement of net assets also includes the equipment and other depreciable assets, net of accumulated depreciation, for the internal service fund of \$861,865.

Depreciation expense of governmental activities was charged to functions as follows:

General Government	\$ 62,275
Public Safety	48,888
Public Works	103,139
Parks and Recreation	159,067
Depreciation on capital assets of the City's internal service funds is charged to the various functions based on their usage of assets	<u>183,343</u>
Total	<u>\$ 556,712</u>

(6) Long-Term Debt

On November 9, 2004, the City issued \$4,040,000 in sales tax revenue bonds. The proceeds of the bonds were used to construct the City's new aquatic center. The bonds carry interest rates ranging from 2.00% to 5.00% and fully mature in the year 2024.

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Beginning Balance</u>
Lease revenue bonds	<u>\$ 4,040,000</u>	<u>-</u>	<u>160,000</u>	<u>3,880,000</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2006

(6) Long-Term Debt - Continued

The debt maturities are as follows:

Year Ended June 30,	Principal	Interest	Total Debt Service
2007	\$ 160,000	153,863	313,863
2008	165,000	150,200	315,200
2009	175,000	145,950	320,950
2010	165,000	141,288	306,288
2011	170,000	135,838	305,838
2012-2016	960,000	579,250	1,539,250
2017-2021	1,110,000	367,513	1,477,513
2022-2025	975,000	90,344	1,065,344
	<u>\$ 3,880,000</u>	<u>1,764,246</u>	<u>5,644,246</u>

(7) Compensated Absences, Accumulated Unpaid Vacation, Personal Leave Pay, Compensatory Time

It is the government's policy to permit employees to accumulate earned but unused vacation and personal leave pay benefits. Vacation and compensatory leave are recorded as an expenditure when used in governmental funds and as an expense when earned in proprietary funds and in the governmental-wide statements. A liability for unused vacation and compensatory leave is recorded in the governmental-wide statement of net assets. Sick pay is accumulated when an employee is eligible for buy back should they retire.

(8) Retirement Plans

Plan Description

North Ogden City (City) contributes to the Local Governmental Contributory, Non-contributory, Public Safety Non-contributory and Firefighters' Retirement Systems, all cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Non-contributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah, 84102 or by calling 1-800-365-8772.

Funding Policy

In the Local Governmental Contributory System the City contributes a combined rate of 7.08% of covered salary, in the Non-contributory Retirement System the City is required to contribute 11.09% of its annual covered salary. The City contributes 19.34% to the Public Safety Non-contributory System based on covered wages. The contribution rate is actuarially determined. The contribution requirements of the System is authorized by statute and specified by the Board.

The City's contributions to the various systems for June 30, 2006, 2005 and 2004 were as follows:

A. Local Governmental System - Contributory

	2006	2005	2004	
\$	4,140	3,967	3,457	Employer paid for employee contributions.
	4,886	4,681	3,233	Employer contributions.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2006

(8) Retirement Plans - Continued

B Local Governmental System - Non-contributory

	<u>2006</u>	<u>2005</u>	<u>2004</u>	
\$	1,518,769	1,399,857	1,282,922	Salary subject to retirement contributions.
	168,431	155,244	123,417	Employer contributions.

C. Public Safety with Social Security System - Non-contributory*

	<u>2006</u>	<u>2005</u>	<u>2004</u>	
\$	112,687	110,726	92,260	Employer contributions.

*The Public Safety Contributory and Non-contributory Retirement systems are combined for financial statement disclosure.

D. Utah Firefighters' Retirement System

	<u>2006</u>	<u>2005</u>	<u>2004</u>	
Government	\$ -	-	13,598	Employer paid for employee contributions.
Agency	<u>24,187</u>	<u>22,596</u>	<u>8,451</u>	Employer paid for employee contributions.
	<u>\$ 24,187</u>	<u>22,596</u>	<u>22,049</u>	

The above contributions were equal to the required contributions for each year.

(9) 401K Defined Contribution Plan

North Ogden City maintains a 401K Defined Contribution Pension Plan established July 1, 1993 to provide additional retirement benefits for its employees. At June 30, 2006, there were forty-four Plan members. Plan members make elective contributions to the Plan of 0% to 15% subject to certain limitations. The City makes an elective contribution each year as established by the City's Council. For June 30, 2006, the City's contribution was 3.00%. Plan provision and contribution requirements are established and may be amended by the City Council.

Plan members and the City's contributions are recognized in the period the contributions are due. Required contributions for the year were made.

(10) Deferred Revenue

Deferred revenue is comprised of the following:

2006 property taxes received in the fiscal year which will be used to finance the 2006-2007 fiscal year expenditures	<u>\$ 154,682</u>
Contributions received by the City's capital improvement fund will be recognized as revenue only when the stated conditions for use have occurred	<u>\$ 104,833</u>

(11) North Ogden Redevelopment Agency

The redevelopment agency (RDA) collected tax increments of \$316,536 and interest of \$6,015 for the year ended June 30, 2006, and paid \$-0- to other taxing agencies. The RDA has issued no bonds to finance costs associated with its project areas. The RDA paid \$-0- to the City's general fund and \$-0- to utility funds on debt. Total debt to utility funds was \$106,318 at June 30, 2006. The RDA has borrowed \$632,208 from the general fund.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2006

(11) North Ogden Redevelopment Agency - Continued

During the year the RDA incurred the following expenditures:

Acquisition of property	\$ -
Site preparation, improvement and installation of public utilities or public improvements	22,085
Administrative	-
Interest	157,063
Debt service	<u>160,000</u>
Total expenditures	\$ <u>339,148</u>

(12) Inter-fund Transfers

Transfer from general fund	\$ (523,000)
Transfer to capital improvements	398,000
Transfer to RDA special revenue fund	65,000
Transfer to motor pool fund	60,000
Transfer from water fund	(200,000)
Transfer to storm water fund	<u>200,000</u>
	\$ <u>-</u>

(13) Deficit Fund Balances

On June 30, 2006, the Special Revenue - RDA Fund had a deficit of \$549,060. The City hopes that future operations will eliminate this deficit. The Capital Projects Fund had a deficit of \$76,946 which will be covered by future inter-fund transfers.

(14) Budgetary Accounting and Tax Calendar

The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. Budgets are required by the State of Utah for the general, special revenue, debt service and capital improvement funds. The legal level of control required by the State of Utah is at the department level. The City's budget is a financial plan of all estimated revenues and all appropriations for expenditures. Revenues and expenditures must balance.

The budget is prepared sometime between the 1st of March and the 1st of May. A tentative budget is presented by the City Manager to the City Council by the first regularly scheduled council meeting in May. The tentative budget is reviewed and tentatively adopted by the Council no later than the first meeting in May. The tentative budget is public record and is available for inspection at the City Business Administration Department and the City Recorder's Office for at least ten days prior to adoption of the final budget. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing. The public hearing on the tentatively adopted budget is held prior to final adoption. Final adjustments are made to the tentative budget by the Council after the public hearing. The final budget is adopted by ordinance before June 22nd and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.

In connection with budget adoption an annual tax ordinance establishing the tax rate is adopted before June 22nd and the City is to certify the tax rate to the County Auditor before June 22nd.

Budgets for the general, special revenue, debt service and capital projects funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2006

(14) Budgetary Accounting and Tax Calendar - Continued

The above procedures are authorized by Utah Code Sections 10-6-109 through 10-6-135.

<u>Property Tax Calendar</u>		
<u>Duties to be Completed</u>	<u>Authorizing Statute</u>	<u>Statute Date</u>
Lien date	59-2-103 59-2-1302	1/1
Taxing districts with June year end notify county commission of date, time and place of public hearing	59-2-919	3/1
County treasurer to settle taxes charged and collected for previous year	59-2-1365	3/31
Budget officer shall prepare and file with council a tentative budget	10-6-111	1 st scheduled council meeting in May
County assessor delivers roll to county auditor	59-2-924	6/1
Tax commission reports value of Centrally Assessed Property to counties	59-2-802	6/1
County assessor delivers to county auditor statement showing aggregate valuation of all taxable property	59-2-924	6/1
County auditor sends valuation, certified tax rate and levy work sheets to each taxing district	59-2-924	6/1
Taxing district must adopt a proposed tax rate, certify the rate and levy, and submit to county auditor	59-2-912	before 6/22
County to set proposed tax rates	59-2-909	6/22
Taxing districts adopt tentative budgets and notify county of intent to exceed certified tax rate	59-2-924(3)	6/22
County auditor to submit levy worksheets and supporting documentation to tax commission	59-2-913	6/22
Copy of final budget to state auditor within 30 days of adoption	10-6-118	9/17
County treasurer to mail tax notice	59-2-1317	11/1
County auditor delivers assessment roll with affidavit to tax commission	59-2-326	11/1
Payment and delinquency date	59-2-1331	11/30
Delinquency list published	59-2-1332.5	12/31

(15) Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2006

(16) Inter-Fund Receivables and Payables

Activity between funds that represents lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All other outstanding balances between funds are also reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

(17) Risk Management

North Ogden City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the government carries commercial insurance. Deductibles on claims are paid for out of the department experiencing the damage or loss.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At June 30, 2006, there were no outstanding claims or judgements against the City. Settlements did not exceed insurance coverage for each of the past three years.

(18) Prior Period Adjustment

The City determined that a note receivable in one of the special revenue funds had been omitted from the Statement of Net Assets. The note receivable of \$41,428 at June 30, 2005 would have increased total assets and net assets by this amount. There was no change to the financial statements of individual funds.

REQUIRED SUPPLEMENTAL INFORMATION

NORTH OGDEN CITY

Notes to Required Supplementary Information

June 30, 2006

Budgeting and Budgetary Control

As more fully explained in Note 1 of the Notes to Financial Statements, annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1 in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

The Budgetary Comparison schedules presented in this section of the report are for the City's general fund and major special revenue funds. Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to July 1. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the City Council through formal resolution. Final budgets do not include unexpected balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund

Year Ended June 30, 2006

Revenues	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Taxes:				
General property taxes	\$ 1,169,000	1,169,000	1,147,110	(21,890)
Delinquent property taxes	36,000	36,000	30,131	(5,869)
Fees in lieu of taxes	236,000	236,000	226,278	(9,722)
General sales and use tax	1,380,000	1,380,000	1,589,846	209,846
Utility franchise tax	689,000	689,000	948,219	259,219
Total taxes	<u>3,510,000</u>	<u>3,510,000</u>	<u>3,941,584</u>	<u>431,584</u>
Licenses and permits:				
Business licenses	31,133	31,133	32,181	1,048
Building permits	190,000	190,000	193,072	3,072
Animal licenses	17,500	17,500	16,570	(930)
Total licenses and permits	<u>238,633</u>	<u>238,633</u>	<u>241,823</u>	<u>3,190</u>
Intergovernmental:				
State road allotment	541,000	541,000	530,225	(10,775)
State liquor law	7,327	7,327	10,276	2,949
Total intergovernmental	<u>548,327</u>	<u>548,327</u>	<u>540,501</u>	<u>(7,826)</u>
Charges for services:				
Zoning and subdivision	16,000	16,000	59,640	43,640
Plan checking	74,640	74,640	93,789	19,149
Road cut fees	7,000	7,000	5,516	(1,484)
Excavation permit fees	-	-	4,804	4,804
Annexation fees	-	-	700	700
Recreation fees	65,000	65,000	50,968	(14,032)
Swimming pool fees	329,930	329,930	233,463	(96,467)
Concession stand sales	-	-	1,812	1,812
Cherry Days	10,000	10,000	21,279	11,279
Queen pageant	2,000	2,000	3,210	1,210
Little Miss Cherry Days	2,000	2,000	3,324	1,324
Total charges for services	<u>506,570</u>	<u>506,570</u>	<u>478,505</u>	<u>(28,065)</u>
Fines and forfeitures	<u>164,467</u>	<u>164,467</u>	<u>178,698</u>	<u>14,231</u>
Other revenues:				
Interest on investments	114,000	114,000	203,234	89,234
Rents	20,200	20,200	20,653	453
North View Community Center	4,000	4,000	4,720	720
Emergency preparedness	-	-	1,130	1,130
Cash (over and short)	-	-	(1,596)	(1,596)
Miscellaneous revenue	20,000	20,000	47,093	27,093
Youth city council	2,000	2,000	141	(1,859)
Traffic school	17,000	17,000	20,965	3,965
Fire service impact fees	-	-	20,783	20,783
Administrative service fee to utility funds	172,736	172,736	172,736	-
Total other revenues	<u>349,936</u>	<u>349,936</u>	<u>489,859</u>	<u>139,923</u>
Total revenues	<u>5,317,933</u>	<u>5,317,933</u>	<u>5,870,970</u>	<u>553,037</u>

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2006

Expenditures	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>General Government</u>				
Legislative:				
Salaries - council	\$ 36,000	25,093	25,093	-
Benefits	3,848	2,683	2,682	1
Subscriptions and memberships	5,400	4,185	3,014	1,171
Travel and conventions	10,000	9,895	9,893	2
Public notices	1,500	985	985	-
Office supplies	1,000	1,000	3,366	(2,366)
Computer services	1,610	3,131	1,602	1,529
Emergency preparedness	2,000	2,000	2,335	(335)
	<u>61,358</u>	<u>48,972</u>	<u>48,970</u>	<u>2</u>
Judicial:				
Salaries	70,586	70,586	67,521	3,065
Benefits	11,225	13,245	18,392	(5,147)
Subscriptions and memberships	100	100	25	75
Public notices	-	-	350	(350)
Travel and training	2,000	2,000	1,544	456
Office supplies	700	700	735	(35)
Computer services	537	798	750	48
Telephone	900	900	480	420
Attorney services	7,620	7,620	6,297	1,323
Witness and jury fees	2,000	2,000	954	1,046
Warrants	4,500	4,500	1,800	2,700
Capital	-	-	3,175	(3,175)
	<u>100,168</u>	<u>102,449</u>	<u>102,023</u>	<u>426</u>
Administrative:				
Personnel service	323,046	323,046	308,971	14,075
Benefits	103,794	103,794	105,349	(1,555)
Uniform allowance	-	-	34	(34)
Subscriptions and memberships	2,000	2,000	5,951	(3,951)
Public notices	3,000	3,000	1,896	1,104
Travel and training	6,000	6,000	13,744	(7,744)
Office expense	12,000	12,000	7,132	4,868
Motor pool lease	3,846	3,846	3,846	-
Computer services	13,838	27,977	27,976	1
Equipment supplies	500	500	268	232
Telephone	12,000	18,833	18,831	2
Professional services	20,000	20,000	15,659	4,341
Engineer services	5,000	5,000	5,640	(640)
Liability insurance deductibles	2,000	2,000	35	1,965
Newsletter	5,000	5,000	4,385	615
Services not classified	4,350	4,350	3,059	1,291
Sundry charges	-	6,694	7,863	(1,169)
Capital	-	-	6,902	(6,902)
	<u>516,374</u>	<u>544,040</u>	<u>537,541</u>	<u>6,499</u>
Non-Departmental:				
Compensated absences	5,000	5,000	(57,365)	62,365
Unemployment	1,000	1,000	-	1,000
Financial audit	22,000	22,000	21,500	500
Telephone answering	4,200	4,200	1,365	2,835
Insurance and surety bonds	142,515	142,515	148,311	(5,796)
Cobra administration	1,200	1,200	-	1,200
Employee assistance program	3,000	3,000	-	3,000

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2006

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
<u>General Government- Continued</u>				
Non-Departmental - Continued:				
Community programs/public	\$ 12,000	12,000	9,986	2,014
Cherry Days	40,000	40,000	40,534	(534)
Queen pageant	13,500	13,500	14,182	(682)
Little Miss Cherry Days	5,800	5,800	7,524	(1,724)
Mayors public relations	7,500	7,500	3,685	3,815
Youth council	6,000	6,000	3,767	2,233
Planning commission	4,200	4,200	-	4,200
Board of adjustments	1,200	1,200	-	1,200
Homeland security	2,600	2,600	548	2,052
Business association	2,800	2,800	2,500	300
Miscellaneous	1,000	1,000	216	784
Credit card fees	-	-	4,656	(4,656)
	<u>275,515</u>	<u>275,515</u>	<u>201,409</u>	<u>74,106</u>
Elections:				
Election judges	6,200	2,700	2,700	-
Office supplies	12,000	7,340	7,339	-
	<u>18,200</u>	<u>10,040</u>	<u>10,039</u>	<u>1</u>
General government buildings:				
Building maintenance	77,791	77,791	70,868	6,923
Senior citizen building maintenance	12,000	46,601	53,524	(6,923)
	<u>89,791</u>	<u>124,392</u>	<u>124,392</u>	<u>-</u>
Total general government	<u>1,061,406</u>	<u>1,105,408</u>	<u>1,024,374</u>	<u>81,034</u>
<u>Public Safety</u>				
Police service:				
Salaries	820,796	820,796	790,238	30,558
Liquor salaries	5,000	5,000	-	5,000
Benefits	358,708	358,708	380,924	(22,216)
Uniform allowance	14,380	14,380	14,158	222
Subscriptions and memberships	916	916	4,280	(3,364)
Public notices	600	600	-	600
Travel and training	12,000	11,000	4,605	6,395
Education	-	1,000	-	1,000
Office expense	6,933	6,933	3,712	3,221
Motor pool lease	135,309	135,309	135,309	-
Computer services	22,710	25,971	25,660	311
Equipment supplies	24,005	24,005	12,254	11,751
Telephone	22,500	22,500	24,897	(2,397)
Forensic services	14,546	14,546	14,546	-
Liquor education	2,000	2,000	504	1,496
Drug education	1,500	1,500	1,304	196
Traffic school	-	-	2,612	(2,612)
Strike force	8,042	8,042	8,042	-
Department supplies	7,000	7,000	5,256	1,744
Dispatch services	35,381	17,691	17,691	-
800 MGHZ radio fee	4,590	4,590	4,705	(115)
Services not classified	500	500	-	500
Capital	-	36,009	38,850	(2,841)
	<u>1,497,416</u>	<u>1,518,996</u>	<u>1,489,547</u>	<u>29,449</u>

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable
Expenditures - Continued				(Unfavorable)
Public Safety - Continued				
Planning:				
Salaries	\$ 75,374	75,374	62,511	12,863
Benefits	19,370	19,370	13,737	5,633
Subscriptions and memberships	1,000	1,000	1,055	(55)
Public notices	3,000	3,000	4,598	(1,598)
Travel and training	5,000	5,000	650	4,350
Office supplies	3,000	3,000	2,385	615
Motor pool lease	391	391	391	-
Computer services	774	1,035	917	118
Equipment supplies	200	200	-	200
Telephone	800	800	431	369
Professional and technical services	-	-	1,445	(1,445)
Engineering	15,000	21,106	40,963	(19,857)
Planning Commission Board	2,000	2,000	2,506	(506)
Department supplies	550	550	366	184
	<u>126,459</u>	<u>132,826</u>	<u>131,955</u>	<u>871</u>
Inspection:				
Salaries	164,740	164,740	164,180	560
Benefits	76,694	71,194	66,903	4,291
Uniform allowance	300	300	-	300
Subscriptions and memberships	500	500	758	(258)
Public notices	350	350	753	(403)
Travel and training	6,600	6,600	6,077	523
Office supplies	1,500	1,500	2,077	(577)
Motor pool lease	8,800	8,800	8,800	-
Computer services	1,553	2,198	2,105	93
Telephone	3,000	3,000	4,048	(1,048)
Professional/technical services	300	300	127	173
Department supplies	650	500	159	341
Services not classified	-	150	30	120
	<u>264,987</u>	<u>260,132</u>	<u>256,017</u>	<u>4,115</u>
Fire protection:				
Fee to North View Fire Department	547,781	559,852	551,478	8,374
Animal control:				
Salaries	31,129	31,129	29,582	1,547
Benefits	8,552	8,552	8,538	14
Uniform allowance	720	720	814	(94)
Travel and training	750	750	35	715
Office supplies	500	500	310	190
Motor pool lease	8,225	8,225	8,359	(134)
Computer services	780	420	417	3
Telephone	750	275	273	2
Ogden County shelter	15,000	3,065	3,064	1
Department supplies	900	160	160	-
Equipment supplies	450	-	-	-
800 MGHZ radio fee	270	270	270	-
	<u>68,026</u>	<u>54,066</u>	<u>51,822</u>	<u>2,244</u>
Total public safety	2,504,669	2,525,872	2,480,819	45,053

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2006

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Public Works</u>				
Public works administration:				
Salaries	\$ 101,152	101,152	101,343	(191)
Benefits	38,782	38,782	34,841	3,941
Uniform allowance	710	2,130	9,263	(7,133)
Subscriptions and memberships	-	-	2,419	(2,419)
Printing and publications	2,000	2,000	-	2,000
Mailing services	39,000	39,000	1,120	37,880
Travel and training	500	500	159	341
Office supplies	1,000	1,000	1,006	(6)
Computer services	6,085	6,215	1,372	4,843
Equipment supplies	10,095	10,095	9,502	593
Building maintenance	2,760	2,760	823	1,937
Safety training	1,000	1,000	19	981
Telephone	24,000	13,329	2,591	10,738
Utilities and street lights	25,000	1	-	1
Crack and seal	20,000	-	-	-
Department supplies	500	500	306	194
Services not classified	2,100	2,100	1,689	411
	<u>274,684</u>	<u>220,564</u>	<u>166,453</u>	<u>54,111</u>
<u>Streets and Highways:</u>				
Salaries	136,231	136,231	115,912	20,319
Benefits	42,523	42,523	41,179	1,344
Uniform allowance	1,420	-	-	-
Travel and training	2,000	2,000	1,624	376
Motor pool lease	187,737	187,737	187,737	-
Computer services	-	-	3,124	(3,124)
Telephone	-	-	5,231	(5,231)
Utilities street lights	-	-	31,937	(31,937)
Engineering	-	-	1,204	(1,204)
Street maintenance	36,000	36,000	26,368	9,632
Crack seal	20,000	20,000	20,000	-
Sidewalk repairs	25,000	25,000	24,026	974
Department supplies	3,000	3,000	3,315	(315)
Snow removal	35,000	35,000	38,882	(3,882)
Street signs and signal lights	15,000	15,000	5,382	9,618
Paint supplies	20,000	20,000	16,991	3,009
Purchase equipment	-	161,533	-	161,533
	<u>523,911</u>	<u>684,024</u>	<u>522,912</u>	<u>161,112</u>
 Total public works	 <u>798,595</u>	 <u>904,588</u>	 <u>689,365</u>	 <u>215,223</u>
 <u>Parks and Recreation</u>				
Parks department:				
Salaries	143,050	206,500	202,000	4,500
Benefits	52,522	69,072	68,422	650
Subscriptions and memberships	325	325	40	285
Public notices	500	500	-	500
Travel and training	2,500	2,500	869	1,631
Office supplies	500	500	548	(48)
Motor pool lease	34,835	34,835	34,835	-
Equipment and building maintenance	2,000	2,000	1,027	973
Utilities and telephone	12,500	12,500	13,089	(589)
Professional services	200	200	1,064	(864)

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2006

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Parks and Recreation - Continued</u>				
Parks department - continued				
Uniform maintenance	\$ 2,200	2,200	1,966	234
Field maintenance	3,100	3,100	2,285	815
Chemicals	3,000	3,000	2,953	47
Irrigation supplies	5,000	5,000	2,092	2,908
Department supplies	6,500	6,500	7,441	(941)
Forestry - tree removal	2,600	2,600	-	2,600
Equipment rent	500	500	94	406
Individual park expense	-	-	5,314	(5,314)
Christmas decorations	3,000	3,000	3,178	(178)
	<u>274,832</u>	<u>354,832</u>	<u>347,217</u>	<u>7,615</u>
Recreation department:				
Salaries	138,185	130,768	120,825	9,943
Benefits	33,191	33,191	25,580	7,611
Subscriptions and memberships	565	565	-	565
Printing and publications	1,500	1,500	2,160	(660)
Travel and training	5,238	2,438	2,387	51
Office expense	3,850	3,850	2,660	1,190
Computer services	3,979	4,109	3,821	288
Building maintenance	4,350	450	447	3
Telephone	2,880	2,880	3,580	(700)
Utilities	1,500	1,500	3,541	(2,041)
Professional and technical services	-	-	230	(230)
Department supplies	2,000	2,000	759	1,241
Movies and art	-	-	12	(12)
Miscellaneous programs	5,000	5,000	4,792	208
Day camps	3,000	2,730	2,726	4
Concession stand	500	-	-	-
Recreation programs and classes	2,000	700	699	1
Hiking club	2,400	455	454	1
Movies in the park	2,500	2,500	1,831	669
Amphitheater programs	5,100	1,360	1,360	-
Baseball - youth	29,000	11,830	11,827	3
Softball - adult league	7,500	870	868	2
Volleyball - youth and adult	1,400	-	-	-
Football	17,000	7,100	7,098	2
Basketball - youth boys	20,000	11,500	11,496	4
Wall-runs	1,800	140	137	3
Special programs	-	-	943	(943)
	<u>294,438</u>	<u>227,436</u>	<u>210,233</u>	<u>17,203</u>
Swimming pool:				
Salaries	155,985	155,985	167,873	(11,888)
Benefits	43,541	43,541	43,757	(216)
Uniform allowance	-	-	1,302	(1,302)
Subscriptions and memberships	-	-	246	(246)
Public notices	500	500	724	(224)
Travel and training	1,500	1,500	2,497	(997)
Office supplies	1,500	1,500	1,813	(313)
Equipment operation and maintenance	6,000	6,000	1,056	4,944
Computer services	4,082	4,082	3,674	408
Building maintenance	4,000	4,000	1,259	2,741
Telephone	2,500	2,500	2,054	446
Utilities	29,000	29,000	53,585	(24,585)

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued
General Fund

Year Ended June 30, 2006

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Parks and Recreation - Continued</u>				
Swimming pool - continued				
Professional services	\$ 1,500	1,500	299	1,201
Trash collection	3,200	3,200	696	2,504
Department supplies	17,000	17,000	19,516	(2,516)
Depreciation	55,622	55,622	-	55,622
Business association	-	-	200	(200)
Purchase equipment	4,000	4,000	-	4,000
	<u>329,930</u>	<u>329,930</u>	<u>300,551</u>	<u>29,379</u>
Total parks and recreation	<u>899,200</u>	<u>912,198</u>	<u>858,001</u>	<u>54,197</u>
Total expenditures	<u>5,263,870</u>	<u>5,448,066</u>	<u>5,052,559</u>	<u>395,507</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,063</u>	<u>(130,133)</u>	<u>818,411</u>	<u>948,544</u>
Other financing sources (uses):				
Operating transfers (out)	(523,000)	(523,000)	(523,000)	-
Sale of assets	10,000	171,533	-	(171,533)
Grants	-	-	25,194	25,194
Total other financing sources (uses)	<u>(513,000)</u>	<u>(351,467)</u>	<u>(497,806)</u>	<u>(146,339)</u>
Net change in fund balances	<u>(458,937)</u>	<u>(481,600)</u>	<u>320,605</u>	<u>802,205</u>
Fund balance - beginning of year	<u>1,567,954</u>	<u>1,567,954</u>	<u>1,567,954</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,109,017</u>	<u>1,086,354</u>	<u>1,888,559</u>	<u>802,205</u>

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual CDBG Housing Rehabilitation

Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Housing rehabilitation loan payments	\$ -	-	42,595	42,595
Total revenues	-	-	42,595	42,595
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	42,595	42,595
Other financing sources (uses)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	42,595	42,595
Fund balance - beginning of year	9,413	9,413	9,413	-
Fund balance - end of year	\$ 9,413	9,413	52,008	42,595

NORTH OGDEN CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Redevelopment Agency

Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 325,000	325,000	316,536	(8,464)
Interest income	<u>2,000</u>	<u>2,000</u>	<u>6,015</u>	<u>4,015</u>
Total revenues	<u>327,000</u>	<u>327,000</u>	<u>322,551</u>	<u>(4,449)</u>
Expenditures:				
Professional services	-	-	2,585	(2,585)
Engineering services	-	-	-	-
Sundry charges	74,938	74,938	19,500	55,438
Interest expense - bonds	157,063	157,063	157,063	-
Debt service - other funds	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	-
Total expenditures	<u>392,001</u>	<u>392,001</u>	<u>339,148</u>	<u>52,853</u>
Excess (deficiency) of revenues over (under) expenditures	(65,001)	(65,001)	(16,597)	48,404
Other financing sources (uses) - transfer in	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	-
Net change in fund balances	(1)	(1)	48,403	48,404
Fund balance (deficit) - beginning of year	<u>(597,463)</u>	<u>(597,463)</u>	<u>(597,463)</u>	-
Fund balance (deficit) - end of year	<u>\$ (597,464)</u>	<u>(597,464)</u>	<u>(549,060)</u>	<u>48,404</u>

OTHER SUPPLEMENTAL INFORMATION

NORTH OGDEN CITY

Combining Statement of Net Assets
Internal Service Funds

June 30, 2006

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ <u>1,002,843</u>	<u>354,326</u>	<u>1,357,169</u>
Total current assets	<u>1,002,843</u>	<u>354,326</u>	<u>1,357,169</u>
Capital assets:			
Buildings and structures	337,565	-	337,565
Vehicles and equipment	1,599,025	474,812	2,073,874
Accumulated depreciation	<u>(1,243,577)</u>	<u>(305,997)</u>	<u>(1,549,574)</u>
Net capital assets	<u>693,050</u>	<u>168,815</u>	<u>861,865</u>
Total assets	<u>1,695,893</u>	<u>523,141</u>	<u>2,219,034</u>
Liabilities:			
Compensated absences payable	940	-	940
Wages payable	<u>1,996</u>	-	<u>1,996</u>
Total liabilities	<u>2,936</u>	-	<u>2,936</u>
Net assets:			
Investment in capital assets net of related debt	693,050	168,815	861,865
Unrestricted	<u>999,907</u>	<u>354,326</u>	<u>1,354,233</u>
Total net assets	<u>\$ 1,692,957</u>	<u>523,141</u>	<u>2,216,098</u>

NORTH OGDEN CITY

Combining Statement of Revenues, Expenses, and Changes in Net Assets Internal Service Funds

Year Ended June 30, 2006

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Revenues:			
Lease contracts:			
General fund	\$ 235,475	143,668	379,143
Water utility fund	65,590	-	65,590
Sewer utility fund	26,236	-	26,236
Storm water fund	13,840	-	13,840
Solid waste	4,373	-	4,373
Total lease contracts	345,514	143,668	489,182
Sale of materials and supplies	1,265	-	1,265
Total revenues	<u>346,779</u>	<u>143,668</u>	<u>490,447</u>
Expenses:			
Salaries	79,453	-	79,453
Compensated absences	(57)	-	(57)
Benefits	31,301	-	31,301
Utilities	12,808	-	12,808
Building maintenance	1,640	-	1,640
Travel and training	1,002	-	1,002
Equipment O & M	81,194	4,107	85,301
Fuel	78,979	-	78,979
Computer services	451	-	451
Telephone	1,756	-	1,756
Department supplies	2,846	-	2,846
Depreciation	119,123	64,221	183,344
Total expenses	<u>410,496</u>	<u>68,328</u>	<u>478,824</u>
Income from operations	<u>(63,717)</u>	<u>75,340</u>	<u>11,623</u>
Other non-operating revenue (expenses):			
Sale of assets	-	1,832	1,832
Transfers from (to) other funds	92,028	(32,028)	60,000
Total non-operating revenue (expenses)	<u>92,028</u>	<u>(30,196)</u>	<u>61,832</u>
Change in net assets	28,311	45,144	73,455
Net assets - beginning of year	<u>1,664,646</u>	<u>477,997</u>	<u>2,142,643</u>
Net assets - end of year	<u>\$ 1,692,957</u>	<u>523,141</u>	<u>2,216,098</u>

NORTH OGDEN CITY

Combining Statement of Cash Flows
Internal Service Funds

June 30, 2006

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from vehicle rents from:			
General fund	\$ 235,475	143,668	379,143
Utility funds	110,039	-	110,039
Sale of materials and supplies	1,265	-	1,265
Payments for payroll and benefits	(110,318)	-	(110,318)
Payments for goods and services	<u>(180,676)</u>	<u>(4,107)</u>	<u>(184,783)</u>
Net cash provided by operating activities	<u>55,785</u>	<u>139,561</u>	<u>195,346</u>
Cash flows from capital and related financing activities:			
Payments to purchase equipment	(60,570)	(22,859)	(83,429)
Sale of equipment	<u>-</u>	<u>14,296</u>	<u>14,296</u>
Net cash used by capital and related financing activities	<u>(60,570)</u>	<u>(8,563)</u>	<u>(69,133)</u>
Cash flows from non-capital financing activities:			
Transfer between funds	32,028	(32,028)	-
Transfer from street department (general fund)	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Net cash provided (used) by non-capital financing activities	<u>92,028</u>	<u>(32,028)</u>	<u>60,000</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and equivalents	87,243	98,970	186,213
Cash and cash equivalents - beginning of year	<u>915,600</u>	<u>255,356</u>	<u>1,170,956</u>
Cash and cash equivalents - end of year	<u>\$ 1,002,843</u>	<u>354,326</u>	<u>1,357,169</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (63,717)	75,340	11,623
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	119,123	64,221	183,344
(Decrease) increase in compensated absences or accounts payable	<u>379</u>	<u>-</u>	<u>379</u>
Total adjustments	<u>119,502</u>	<u>64,221</u>	<u>183,723</u>
Net cash provided by operating activities	<u>\$ 55,785</u>	<u>139,561</u>	<u>195,346</u>
Noncash investing, capital and financing activities:	<u>\$ -</u>	<u>-</u>	<u>-</u>

See independent auditors' report and notes to financial statements.

North Ogden City
Impact Fees

PARK IMPACT FEE REVENUES / FUND BALANCES										
SOURCE	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	
Park Impact Fees	\$360,010	\$342,720	\$290,190	\$303,440	\$340,920	\$279,682	\$292,240	\$239,320	\$250,380	
Beginning Fund Balance	\$0	\$314,455	\$1,107,921	\$1,692,752	\$1,993,748	\$1,684,043	\$304,445	\$173,326	\$60,245	
Net Revenue	\$360,010	\$657,175	\$1,398,111	\$1,996,192	\$2,334,668	\$1,963,725	\$396,685	\$65,994	\$190,135	
Park Acquisition Transfer	\$0	\$0	\$0	\$0	\$0	\$688,133	\$0	\$0	\$0	
Other Financing Sources	\$3,500	\$557,000	\$1,628,014	\$285,802	\$494,733	\$-57,562	\$268,871	\$50,000	\$0	
Gross Revenue	\$363,510	\$1,714,175	\$3,076,125	\$2,281,994	\$2,829,401	\$2,594,296	\$865,556	\$175,994	\$190,135	
Expenditures - See Below	\$-49,055	\$-106,254	\$-1,333,373	\$-288,246	\$-1,145,358	\$-2,289,851	\$-1,038,882	\$-176,240	\$-552,665	
Fund Balance	\$314,455	\$1,107,921	\$1,692,752	\$1,993,748	\$1,684,043	\$304,445	\$-173,326	\$-60,245	\$137,470	

PROJECT	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	
1050 E Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$418	\$204	
ADA Upgrade on Parks	\$0	\$0	\$0	\$0	\$0	\$0	\$5,460	\$594	\$0	
Barker Park Land Purchase & Dev	\$0	\$0	\$1,048,886	\$17,452	\$20,586	\$398,719	\$581,692	\$55,629	\$26,465	
Bi-Centennial Park	\$0	\$545	\$19,984	\$7,054	\$121,960	\$11,981	\$3,011	\$0	\$3,344	
Debt Service	\$0	\$0	\$0	\$197,380	\$200,935	\$1,367,805	\$0	\$0	\$0	
Deer Meadows	\$0	\$0	\$22,700	\$2,245	\$788,230	\$485,023	\$63,490	\$0	\$0	
Equestrian Park	\$0	\$0	\$0	\$0	\$12,876	\$0	\$0	\$1,145	\$0	
Leonard View Park	\$0	\$2,210	\$0	\$0	\$0	\$0	\$0	\$15,039	\$2,638	
McGriff Park Trail	\$0	\$0	\$0	\$0	\$0	\$2,456	\$16,880	\$11,770	\$2,000	
Mountain View Park	\$49,055	\$32,516	\$211,489	\$13,753	\$0	\$0	\$0	\$0	\$2,000	
North Ogden Park	\$0	\$70,983	\$30,314	\$26,504	\$771	\$10,209	\$9,180	\$7,937	\$608	
Oaklawn Park	\$0	\$0	\$0	\$23,858	\$0	\$0	\$717	\$29,492	\$8,209	
Orton Park	\$0	\$0	\$0	\$0	\$0	\$13,658	\$0	\$0	\$6,976	
Pay Back Interfund Loan	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$50,000	\$0	
Skateboard Park	\$0	\$0	\$0	\$0	\$0	\$0	\$158,451	\$4,216	\$221	
Total Expended by Year	\$49,055	\$106,254	\$1,333,373	\$298,246	\$1,145,358	\$2,289,851	\$1,038,882	\$176,240	\$52,665	

North Odgen City
Impact Fees

FIRE REVENUES / FUND BALANCES										
SOURCE	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	
Fire Impact Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$74,422	\$22,091	\$20,783	
Capital Building Fund Bal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,269	-\$39,310	
Net Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$74,422	\$28,360	-\$18,527	
Gross Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$74,422	\$28,360	-\$18,527	
Expended	\$0	\$0	\$0	\$0	\$0	\$0	-\$68,153	-\$67,670	-\$67,203	
Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$6,269	-\$39,310	-\$85,730	

WATER FUND IMPACT FEE REVENUES / FUND BALANCES										
SOURCE	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	
Impact Fees	\$221,520	\$179,621	\$154,253	\$168,378	\$184,043	\$146,510	\$195,191	\$128,047	\$133,298	
Beginning Fund Balance	\$0	-\$219,716	-\$1,640,849	-\$2,016,155	-\$2,220,540	-\$2,408,406	-\$2,652,921	-\$2,694,303	-\$3,085,734	
Gross Revenue	\$221,520	-\$40,095	-\$1,486,596	-\$1,847,777	-\$2,036,497	-\$2,261,896	-\$2,457,730	-\$2,566,256	-\$2,952,436	
Capital Projects										
Wells & Pump Stations	-\$441,236	-\$1,600,754	-\$529,559	-\$372,763	-\$371,909	-\$391,025	-\$236,573	-\$519,478	-\$942,107	
Fund Balance	-\$219,716	-\$1,640,849	-\$2,016,155	-\$2,220,540	-\$2,408,406	-\$2,652,921	-\$2,694,303	-\$3,085,734	-\$3,894,543	

SEWER IMPACT FEE REVENUES / FUND BALANCES										
SOURCE	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	
Impact Fees	\$23,684	\$15,317	\$11,104	\$12,517	\$13,310	\$11,051	\$11,304	\$9,731	\$10,376	
Beginning Fund Balance	\$0	\$19,615	-\$6,447	-\$170,642	-\$165,494	-\$382,263	-\$387,792	-\$377,491	-\$367,760	
Gross Revenue	\$23,684	\$34,932	\$4,657	-\$158,125	-\$152,184	-\$371,212	-\$376,488	-\$367,760	-\$357,384	
Capital Project Expenses	-\$4,069	-\$41,379	-\$175,299	-\$7,369	-\$230,079	-\$16,580	-\$1,003	\$0	-\$6,294	
Fund Balance	\$19,615	-\$6,447	-\$170,642	-\$165,494	-\$382,263	-\$387,792	-\$377,491	-\$367,760	-\$363,678	

STORM WATER IMPACT FEE REVENUES / FUND BALANCES										
SOURCE	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	
Impact Fees	\$241,129	\$182,685	\$148,528	\$176,472	\$177,661	\$141,693	\$148,559	\$144,593	\$138,739	
Beginning Fund Balance	\$0	\$143,753	-\$615,337	-\$691,869	-\$790,972	-\$626,415	-\$634,109	-\$899,821	-\$1,216,708	
Gross Revenue	\$241,129	\$326,438	-\$466,809	-\$515,397	-\$613,311	-\$484,722	-\$485,550	-\$755,228	-\$1,077,969	
Capital Projects										
Storm Basins	-\$97,376	-\$941,775	-\$225,060	-\$275,575	-\$13,104	-\$149,387	-\$414,271	-\$461,480	-\$92,993	
Fund Balance	\$143,753	-\$615,337	-\$691,869	-\$790,972	-\$626,415	-\$634,109	-\$899,821	-\$1,216,708	-\$1,170,962	

Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Honorable Mayor and City Council
North Ogden City, Utah

We have audited the financial statements of North Ogden City as of and for the year ended June 30, 2006, and have issued our report thereon dated December 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether North Ogden City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered North Ogden City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Mayor, City Council and oversight awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Crane, Christensen & Ambrose P.C.

December 20, 2006



Steven F. Crane, CPA
Kent R. Christensen, CPA
Jeffrey L. Ambrose, CPA
Chuck Palmer, CPA

Independent Auditors' Legal Compliance Report

Honorable Mayor and City Council
North Ogden City, Utah

We have audited the financial statements of North Ogden City for the year ended June 30, 2006 and have issued our report thereon dated December 20, 2006. Our audit included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax limitations
- Liquor Law Enforcement
- Justice Courts
- B & C Road Funds
- Department of Commerce General Compliance
- Other Compliance Requirements
- Impact Fees and Other Development Fees

The City received the following non-major State grants which are not required to be audited for specific compliance requirements (however, these programs were subject to test work as part of the audit of the City):

Local Law Enforcement Block Grant (Commission on Criminal and Juvenile Justice)

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States. Those requirements require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed instances of noncompliance with the requirements referred to above, which are outlined on the accompanying schedule of findings and questioned costs.

In our opinion, North Ogden City complied, except as disclosed above, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2006.

Crane, Christensen & Ambrose P.C.

December 20, 2006

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NORTH OGDEN CITY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2006

PROGRAM: GENERAL

- FINDING:** The fund balance of the City's Redevelopment Agency and the Capital Projects Fund are in deficit positions.
- QUESTIONED COSTS:** None
- RECOMMENDATION:** The City should take steps to retire these deficits.
- CITY'S REPLY:** The City will take steps to retire the deficits as quickly as possible. It is planned to transfer money from the General Fund to cover the deficit in the Capital Projects Fund as previously planned.

PROGRAM: OTHER GENERAL COMPLIANCE

- FINDING:** The General Fund balance exceeds the 18% of expected revenue as allowed.
- QUESTIONED COSTS:** None
- RECOMMENDATION:** The City should take steps to reduce its fund balance in the General Fund to an amount within that allowed during the coming year. This can be accomplished by reducing revenues if necessary.
- CITY'S REPLY:** The City has had several large capital projects. The City intends to make transfers from the General Fund to the Capital Projects Fund as previously planned to help with the costs of those projects and retire or reduce the deficit of this fund.

PROGRAM: TRUTH IN TAXATION-PROPERTY TAX LIMITATION

- FINDING:** The budgeted amount on Form TC-693 is less than the amount budgeted for property tax revenue.
- QUESTIONED COSTS:** None
- RECOMMENDATION:** The City should take steps to make sure that the final adopted budget reflects the amount reported on Form TC-693.
- CITY'S REPLY:** The budget revenue from property tax is prepared and approved prior to Form TC-693 preparation. The City has chosen not to increase its levy for property tax above that certified by the county on Form 713. The original budget was not amended to reflect this change. It will be in the future if necessary.

PROGRAM: JUSTICE COURTS

- FINDING:** Fines were not remitted to the State Treasurer on Form C-500 by the 10th of the following month for five months during the year.
- QUESTIONED COSTS:** None
- RECOMMENDATION:** The City should follow Utah Code Section 51-4-2(4)(a) and remit all fines due to the State by the 10th of the month following the month in which they are collected.
- CITY'S REPLY:** The City will comply with this requirement in the coming year.